5

STANDING COMMITTEE ON

INFORMATION TECHNOLOGY

(2014-15)

SIXTEENTH LOK SABHA

MINISTRY OF COMMUNICATIONS & INFORMATION TECHNOLOGY

(DEPARTMENT OF POSTS)

DEMANDS FOR GRANTS

(2015-16)

FIFTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April, 2015/ Vaisakha, 1937 (Saka)

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(2015-16)

Presented to Lok Sabha on 24.04.2015

Laid in Rajya Sabha on 24.04.2015

LOK SABHA SECRETARIAT

NEW DELHI

April, 2015/ Vaisakha, 1937 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15)

Shri Anurag Singh Thakur - **Chairperson**

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
* 5. Dr. K.C. Patel
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
10. Shri Virender Kashyap
11. Shri Harinder Singh Khalsa
12. Smt. Hema Malini
13. Shri Keshav Prasad Maurya
14. Ms. Mehbooba Mufti
15. Shri Paresh Rawal
16. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
17. Shri Abhishek Singh
18. Shri D.K. Suresh
19. Shri Ramdas C. Tadas
20. Smt. R. Vanaroja
21. **VACANT

Rajya Sabha

22. Shri Javed Akhtar
23. Shri Salim Ansari
24. Smt. Jaya Bachchan
25. Shri Vijay Jawaharlal Darda
26. Shri Santiuse Kujur
27. Shri Derek O'Brien
28. Dr. K.V.P. Ramachandra Rao
29. Shri Sachin Ramesh Tendulkar
30. Mahant Shambhuprasadji Tundiya
31. Shri Meghraj Jain

Secretariat

1. Shri K. Vijayakrishnan - Additional Secretary
2. Shri J.M. Baisakh - Director
3. Shri Abhishek Sharma - Executive Assistant

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* Nominated to the Committee w.e.f. 11.09.2014 *vice* Shri Feroze Varun Gandhi, M.P., *vide* Bulletin Part – II w.e.f. 11.09.2014

** Shri Deepender Singh Hooda, M.P. Lok Sabha ceased to be a Member of the Committee as he has been shifted to the Committee on Energy *vide* Bulletin Part - II w.e.f. 14.11.2014.

\# Nominated to the Committee w.e.f. 14.01.2015 vide Bulletin Part-II dated 16.01.2015.

LIST OF ABBREVIATIONS

AMC	-	Annual Maintenance Contract
AML/CFT	-	Anti Money Laundering/Combating Financing of Terrorism
AMPC	-	Automated Mail Processing Centre
BD&MD	-	Business Development & Marketing Directorate
BE	-	Budget Estimates
BPC	-	Business Post Centre
BPO	-	Branch Post Office
CBS	-	Core Banking Solution
CMPF	-	Coal Mines Family Pension
CoD	-	Cash on Delivery
DA	-	Dearness Allowance
DGS&D	-	Directorate General of Supplies & Disposal
DoP	-	Department of Posts
DoT	-	Department of Telecommunications
DPR	-	Detailed Project Report
DSO	-	Departmental Sub Office
EDBO	-	Extra Departmental Branch Office
e-IPO	-	electronic Indian Postal Order
e-MO	-	electronic Money Order
EoI	-	Expression of Interest
EPFO	-	Employee's Provident Fund Organisation
FO	-	Franchisee Outlet
GDS	-	Gramin Dak Sewak
GIS	-	Geographical Information System
GPS	-	Global Positioning System
HPO	-	Head Post Office
IAY	-	Indira Awaas Yojna
IMO	-	International Money Order
IMTS	-	International Money Transfer Service
IRDA	-	Insurance Regulatory Development Authority
KVP	-	Kisan Vikas Patra
LSM	-	Letter Sorting Machine
MGNREGA	-	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	-	Monthly Installment Scheme
MNOP	-	Mail Network Optimization Project
MO	-	Mail Office/Money Order
MoF	-	Ministry of Finance
MoU	-	Memorandum of Understanding
MPCM	-	Multi Purpose Counter Machine
NSC	-	National Saving Certificate
PBI	-	Post Bank of India
PLI	-	Postal Life Insurance
PO	-	Post Office
POSB	-	Post Office Savings Bank
PPP	-	Public Private Partnership
PRS	-	Passenger Reservation System
PSSK	-	Panchayat Sanchar Sewa Kendra
RE	-	Revised Estimate
RFP	-	Request for Proposal
RPLI	-	Rural Postal Life Insurance
SB/CC	-	Savings Bank/Cash Certificate
SPO	-	Sub Post Office
TRCA	-	Time Related Continuity Allowances
UIDAI	-	Unique Identity Development Authority of India
WUFSI	-	Western Union Financial Services International
WUMT	-	Western Union Money Transfer

INTRODUCTION

I, the Chairperson, Standing Committee on Information Technology (2014-15), having been authorized by the Committee to submit the Report on their behalf, present this Fifth Report on Demands for Grants (2015-16) of the Ministry of Communications and Information Technology (Department of Posts).

2. The Standing Committee on Information Technology (2014-15) was constituted on 31st August, 2014. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the Ministry/Department concerned and to make a Report on the same to the House.

3. The Committee considered the Demands for Grants pertaining to the Ministry of Communications and Information Technology (Department of Posts) for the year 2015-16 which were laid on the Table of the House on 18th March, 2015. The Committee took evidence of the representatives of the Department of Posts on 6th April, 2015.

4. The Report was considered and adopted by the Committee at their sitting held on 20th April, 2015.

5. The Committee wish to express their thanks to the officers of the Department of Posts for appearing before the Committee and furnishing the information that the Committee desired in connection with the examination of the Demands for Grants.

6. The Committee would also like to place on record their appreciation of the assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

7. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

ANURAG SINGH THAKUR
Chairperson
Standing Committee on
Information Technology

New Delhi
21 April, 2015
1 Vaisakha, 1937 (Saka)

REPORT

PART-I

I. INTRODUCTORY

India has the largest postal network in the world with over 1,54,882 Post Offices of which 1,39,182 (89.86%) are in the rural areas and 15,700 (10.14%) are in the urban areas. Out of these, 25145 are computerized Post Offices. The objectives of the Department of Posts (DoP) are to modernize and consolidate the network, provide best-in-class customer services, improving the reach of postal services, develop Financial Service, grow in existing Business and new Business, develop professional workforce and draft National Postal Policy.

2. The Demand No. 14 of the DoP for the year 2015-16 was presented to the Lok Sabha on 18th March, 2015. In this Report, the Committee have analyzed the financial and physical performance of the DoP with reference to the services being offered as well as in terms of the implementation of various Plan Schemes. The examination of the Committee is focused towards achievement of financial and physical targets during the preceding financial year and Annual Plan of DoP for the year 2015-16.

II. IMPLEMENTATION STATUS OF THE RECOMMENDATIONS CONTAINED IN THE FIRST REPORT ON DEMANDS FOR GRANTS FOR THE YEAR 2014-15 OF DoP

3. The Standing Committee on Information Technology presented their First Report on the Demands for Grants for the year 2014-15 relating to the DoP to the House on 22nd December, 2015. Under Rule 34(1) of 'Rules of Procedure of Departmentally Related Standing Committees (DRSCs)', the Ministry/Department concerned are required to furnish a statement showing the action taken by them on the observations/recommendations contained in the Report of the Committee within three months from the date of the presentation of the Report. The Action Taken Notes on the observations/recommendations contained in the said Report have been furnished by the Department. The Action Taken Report on the subject will be presented to the House in due course.

III. BUDGET ANALYSIS

(i) Overview of Demands for Grants for 2015-16

4. The DoP have presented Demand No. 14 for Grants to the Parliament for the year 2015-16, the details of which are as follows:-

				(Rs. in crore)
		Revenue	Capital	Total
Voted	Plan	136.96	331.65	468.61
	Non-Plan	19357.10	5.00	19362.10
	Total	19494.06	336.65	19830.71

Charged	Plan	--	--	--
	Non-Plan	0.20	--	0.20
	Total	19494.26	336.65	19830.91

5. Head-wise details of the Revenue and Capital Section, excluding North-East, for 2015-16 are as follows:-

(Rs. in crore)

	Revenue Section		**Capital Section**	
	Head of account	**BE 2015-16**	**Object Head**	**BE 2015-16**
1	**2**	**3**	**4**	**5**
1.	General Admn.	1079.20	Others	1.00
2.	Operation	11614.14	Postal Network	45.76
3.	Agency Services	-85.59	Mechanization and Modernization	248.17
4.	Accounts & Audit	363.24	Administrative Offices	3.00
5.	Engineering	146.08	Staff Quarters	2.50
6.	Amenities to Staff	73.36		

(ii) <u>Revenue Section</u>

6. The comparative analysis of the Demands for Grants indicating BE and RE for the year 2014-15 and Actual for the year 2012-13 and 2013-14, along with BE 2015-16, is given below:-

(Rs. in crore)

Particulars	**Actual 2012-13**	**Actual 2013-14**	**BE 2014-15**	**RE 2014-15**	**BE 2015-16**	**% Inc/Dec of Col 5 over Col 3**	**% Inc/Dec Of Col 6 over Col 5**
1	2	3	4	5	6	7	8
Revenue Section							
Gross Expenditure	15481.15	16796.71	18141.55	18489.85	19494.26	10.08	5.43
Deduct-Recoveries	688.77	593.19	665.19	644.19	655.34	8.60	1.73
Net Expenditure	14792.38	16203.52	17476.36	17845.66	18838.92	10.13	5.57
Postal Receipts	9366.50	10730.42	10281.90	11327.92	12036.87	5.57	6.26
Deficit	5425.88	5473.10	7194.46	6517.74	6802.05	19.09	4.36

Capital Section							
Gross Expenditure	146.27	268.97	518.30	162.15	336.65	-39.71	107.62
Deduct-Recoveries	-	-	-	-	-	-	-
Net Expenditure	146.27	268.97	518.30	162.15	336.65	-39.71	107.62

(a) GROSS EXPENDITURE

7. Gross Expenditure of the Department of Posts during the last four years and the estimates for the year 2015-16 are given as under:-

(Rs. in Crore)

	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
BE	13522.36	14379.71	16876.17	18141.55	19494.26
RE	13763.91	15321.24	16464.05	18489.85	
Actual	14163.91	15481.15	16796.71		

8. As regards the expenditure, the Committee have been informed that the net expenditure during the year 2014-15 (RE) is estimated to increase by 10.13 % in comparison to 2013-14 and the net expenditure in 2015-16 (BE) is estimated to be around 5.57 % higher than the projection of RE 2014-15. In this context, the Committee desired to know about the steps taken further to increase revenue in the current fiscal. The initiatives taken/ being taken by DoP to increase the revenue receipts during 2015-16 are as under:-

(a) Notices/Summons issued by Delhi High Court through Speed Post service with physical as well as electronic Proof of Delivery facility was started with effect from 03.02.2014. The service has been extended to Orissa High Court, Cuttack, with effect from 06.01.2015 and Punjab and Haryana High Court with effect from 01.02.2015.

(b) Tie-ups have been made with Steel Authority of India (Marketing wing) for sending their articles through Speed Post issued by its various offices located across the county under Single Point Account Management scheme.

(c) UIDAI has been mandated to give unique identification cards ("Aadhaar") to all Indian residents and the Authority is considering to post around 70 crore Aadhaar letters in the next phase (2015-16). The proposal of Department of Posts to take on the delivery of these Aadhaar letters through Speed Post is under finalization with UIDAI.

(d) eIPO (Electronic Indian Postal Order) for Indian citizens living abroad for paying RTI fee online was launched on 22.03.2013. This facility has also been extended to Indian citizens living in India with effect from 13.02.2014. Department of Posts is also working on acceptance of eIPO for paying RTI fee by other State Governments.

(e) Besides the above, Department is entering into tie-ups with third parties for use of its network for selling their product/services through Post Offices, e.g. Sale of mobile phones, booking of railway tickets, etc. Tie-ups have been made with Railway Recruitment Boards, CBSE and various universities/institutions etc for collection of their examination fee through ePayment service.

(f) The endeavor will also be to further increase mobilization of Small Savings, particularly in unbanked section through the following steps:-

- Special drives for opening of Post Office Savings Accounts.
- Opening of more Basic Saving Accounts (zero balance) for beneficiaries of MGNREGA, Old Age Pensions, Widow Pension and other Social Security schemes of Govt. of India/State Govt.

(b) Revenue Receipts

9. Revenue Receipts of DoP during the past four years and projections for the year 2015-16 are given as under:-

(Rs. in Crore)

	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
BE	7517.70	7793.31	9101.81	10281.90	12036.87
RE	7522.02	8762.75	9787.52	11327.92	
Actuals	7899.35	9366.50	10730.42		

10. The areas /categories where revenue receipts have increased leading to significant upward revision in Budget Estimates for the year 2015-16 are shown in the following table:-

(Rs. in crore)

Areas/categories	**2014-15 (Up to Feb,2015)**	**BE 2015-16**	**% increase over 2014-15 (Up to Feb,2015**
Speed Post	1278.36	1487.17	16.33
Business Post	880.09	1019.60	15.85
Express Parcel Post	56.89	91.29	60.48

Retail Post	69.84	71.50	2.38
Sale of Postage &Service Stamps	537.87	735.74	36.79
Commission on Money Orders & IPOs	578.21	668.34	15.59
Others	900.67	1031.36	14.51
Revenue from P.O. (Including Commission from NERGA)	**4409.58**	**5200.00**	**17.93**
SBCC	**6198.57**	**6836.87**	**10.30**
Total Revenue	**10608.15**	12036.87	13.47

* Others- include various other products offered by the Department."

11. The details of Revenue Receipts of the Department under various heads/items during the last three years indicating the categories in which there has been a decrease/increase in Revenue Receipts are as follows:-

(Rs. in crore)

Items of Revenue Receipts	**2011-12**	**2012-13**	**2013-14**	**2014-15 (Up to Feb,2015)**	**BE 2015-16**	**% increase over 14-15**
Speed Post	889.60	1261.50	1372.21	1278.36	1487.17	16.33
Business Post	774.00	823.90	1029.52	880.09	1019.60	15.85
Bill Mail Post	105.90	104.90	102.98	89.31	77.61	-13.10
Express Parcel Post	71.80	78.90	77.63	56.89	91.29	60.48
Retail Post	81.40	72.00	70.22	69.84	71.50	2.38
Sale of Postage &Service Stamps	663.73	649.06	670.67	537.87	735.74	36.79
Logistic Post	15.90	49.50	15.25	18.34	17.39	-5.18
Commission on Money Orders & IPOs	481.60	501.90	606.89	578.21	668.34	15.59
Others*	511.34	793.24	869.78	900.67	1031.36	14.51
Revenue from P.O. (Including Commission from NREGA)	**3595.27**	**4334.90**	**4815.15**	**4409.58**	**5200.00**	**17.93**
SBCC	**4304.08**	**5031.60**	**5915.27**	**6198.57**	**6836.87**	**10.30**
Total Revenue	**7899.35**	**9366.50**	**10730.42**	**10608.15**	**12036.9**	**13.47**

* Others- include various other products offered by the Department."

12. The Committee have been informed that the Post Office Savings Bank (POSB), Parcels, e-Commerce and Postal Life Insurance are the focus areas through which DoP strive to increase revenue. The initiatives taken in these directions are enumerated below:-

"(a) Post Office Savings Bank

(i) In respect of POSB, the endeavor of DoP will be to further increase mobilization of Small Savings, particularly in unbanked section through the following steps:-

- Special drives for opening of Post Office Savings Accounts.
- Opening of more Basic Saving Account (zero balance) for beneficiaries of MGNREGA, Old Age Pensions, Widow Pension and other Social Security schemes of Govt. of India/State Govt.
- Mobilization of savings through investment in reintroduced through Kisan Vikas Patra (KVP).
- Promoting Sukanya Samriddhi Account (SSA), which has been launched in January 2015.

(b) Parcels-e-commerce

Emerging e-Commerce market is being perceived as a big business opportunity by the Department and accordingly Department of Posts are aiming to create capacities to cater to the needs of this emerging e-Commerce market. Accordingly, focus areas have been identified for improvement in service quality, i.e. timely delivery, safe and secure handling by augmentation of infrastructure, technology induction, etc.

Department of Posts has empanelled transporters to provide surface transmission of bulk consignment and executed an MOU with Air India for air transmission of consignments between 15 identified stations.

(c) Postal Life Insurance-

Considering the fact that a large population of the country especially in the rural areas is still uninsured, the Department have worked out a strategy to increase the life insurance business. For this purpose, maximum sum assured in PLI has been enhanced from Rs. 20 lakh to 50 lakh; a similar enhancement is also proposed for RPLI. Promotion publicity/Marketing are also proposed to be scaled up. The implementation of core PLI as part of IT modernization project is expected to have a significant positive impact on the quality of service thereby driving the life insurance business growth."

(c) Revenue Deficit

13. The Revenue Deficit of the Department during the past four years and projections for the year 2015-16 are as under:-

(Rs. in Crore)

	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
BE	5309.55	5921.35	7093.78	7194.46	6802.05
RE	5669.84	5935.46	6019.41	6517.74	
Actual	5805.92	5425.88	5473.10		

14. The Committee have been informed that the following additional steps are proposed to be taken by the Department to contain the Revenue Deficit in the year 2015-16:-

> "Department are focusing to streamline their processes and service features to make them more customer friendly as per market demand. The Department are also making all out effort through dynamic and strategic planning as well as implementation to harness new areas of revenue and simultaneously increase the existing revenue base. Actions are underway to bring in more customers particularly in e-commerce segment to avail services of the Department of Posts so that more revenue is generated. In addition, Department are also exploring the new revenue windows to generate additional revenue by ensuring optimum utilization of existing infrastructure. The Department will also take steps to increase revenue mobilization through more customers under Small Savings Schemes, including the new schemes (reintroduced KVPs & newly introduced Sukanya Samridhi Accounts) through Post Offices and extension of coverage of more customers under Postal Life Insurance, including Rural Postal Life Insurance."

(iii) Capital section

(a) Gross expenditure

15. Capital Expenditure of the DoP during the past four years and the projections for the current fiscal are given as under:-

(Rs. in crore)

	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
BE	518.12	615.77	433.31	518.30	336.65
RE	263.27	207.60	294.68	162.15	
Actual	210.23	146.27	268.97		

16. On reasons for persistent under-utilization of the funds allocated to the Department under capital section during all the years in general and 2014-15 in particular, the Committee have been informed as under:-

> "The Plan funds under the Capital section were largely earmarked for IT Induction & Modernization scheme during all the Annual Plan years. In order to reduce the dependence of the entire project on a single vendor so as to minimize risk, the Project was designed to be implemented through 8 streams by floating 8 RFPs. The 8 streams of the project were interdependent and finalization of all the RFPs in a synchronized manner was essential for acceptance of the deliverables and consequent expenditure of funds. In all cases, finalization of the RFPs took more time than anticipated due to the complex nature of RFPs and interdependencies in the project and time extensions sought by prospective bidders. With all the complexities involved in the procurement process, when the vendor was selected finally, in two cases, the selected vendor refused to execute the bid. This led to re-tendering and avoidable wastage of time. Even where the implementation started, there were delays in acceptance of deliverables and consequent utilization of funds due to complex interdependencies in the project.

17. The main reasons for underutilization of funds under the capital section in 2014-15 in other major schemes Mail Operation, Postal Operations, Financial Services and Estates Management are due to slow utilization of fund on account of the time taken in completion of the codal formalities for tendering and procurement. The BE outlay under the capital section in 2014-15 was curtailed by the Ministry of Finance at the RE stage.

IV. PLAN SCHEMES

(i) IT INDUCTION AND MODERNIZATION

18. The Eleventh Plan envisaged extensive technology upgradation and modernization. IT Induction schemes were taken up in two phases in the 11th Plan. These are being continued in the 12th Plan with a comprehensive IT roadmap to develop network architecture, integrated software, effective data management, including establishment of National Data Centre(s) and Disaster Recovery Centre. The updated status of the eight segments/activities under the IT Induction and Modernization Project is as under:-

SL NO.	NAME OF THE SEGMENT	Updated Status
1	Change Management (CM)	RFP process completed and work awarded. Implementation started on 15-10-12. Training activities are in progress. This is a continuous activity that runs parallel to the implementation of other streams of the

		Project.
2	Data Centre Facility (DCF)	RFP process completed and work awarded. Data Centre Facility at Navi Mumbai is operational w.e.f. 3rd April 2013.
	Disaster Recovery Centre (DRC)	DRC site accepted by the Department from the vendor on 19.03.2015. Statutory approvals from Pollution Control Board and Chief Controller of Explosives being obtained; thereafter the facility will be made functional.
3	Financial Services Integrator (FSI)	RFP process completed and work awarded. Implementation started on 28-09-12. Pilot Roll out of Core Banking (CBS) and Life Insurance (PLI) - Completed. So far 2148 post offices for CBS and 7026 post offices for PLI have been migrated. ATMs installed and commissioned at 11 Post Offices. Circle Processing Centers (CPC) commissioned in all the 22 Circles.
4	Network Integrator (NI)	RFP process completed and work awarded. Implementation started on 28-09-12. So far 27,095 locations out of 28000 have been networked on the Department's Wide Area Network (WAN).
5	Core System Integrator (CSI)	RFP process completed and work awarded. Implementation started on 15-04-13. Installation and commissioning of Central Hardware completed. Detail Design Documents accepted. User Acceptance Testing (UAT) of common infrastructure solutions completed. UAT cycle II (for Human Resource, Mail Operations and Finance & Accounts) completed on 06-12-14. Roll out is in progress.
6	Rural System Integrator (RSI)	RFP process completed and work awarded. Contract signed on 28-02-13. Crucial date for commencement of the implementation phase 'T' communicated to the vendor.
7	Rural Hardware (RH)	RFP process completed. Contract signed with the Vendor on 24-11-14. Assembling of the Hardware solution started by the vendor.

		Commissioning of RH solution will start during this year.
8	Mail Operation Hardware (MoH)	RFP process was completed and Letter of Intent (LOI) was issued to the successful bidder M/s HCL Info systems Ltd on 03.02.2014. However, the selected vendor refused to execute the Project. Consequently, Department had to annul the LOI and blacklist the selected vendor. In order to salvage the Project and synchronize it with the timelines of other dependent implementation streams, order of the Competent Authority obtained to procure the Mail Operation Hardware through DGS&D. Procurement process presently underway.

19. The Committee have been informed that all the Departmental post offices in the country have been computerized as under:

Circle	No. of Post Office Computerized	No. of Post Office Networked
Andhra Pradesh	2438	2438
Assam	626	582
Bihar	1046	1043
Chhattisgarh	343	335
Delhi	425	393
Gujarat	1335	1328
Haryana	493	490
Himachal Pradesh	464	418
Jammu & Kashmir	263	251
Jharkhand	455	454
Karnataka	1715	1683
Kerala	1506	1506
Madhya Pradesh	1062	1061
Maharashtra	2212	2213
North-East	329	268
Odisha	1195	1147
Punjab	758	758
Rajasthan	1345	1334
Tamil Nadu	2759	2578

Uttar Pradesh	2553	2540
Uttrakhand	388	341
West Bengal	1758	1301
Total	25468	24462

The above table does not include 1,29,000 Gramin Dak Sevak run Branch Post Offices (BOs). According to DoP, mobile hand held devices, peripherals, solar charging devices and Network connectivity are being provided to the BOs under the Rural Hardware stream of the Project.

20. The DoP have furnished the tentative timelines for implementation of the various components of the IT Induction and Modernization Scheme for the entire Twelfth Five Year Plan which is depicted in the following table:-

Sl. No.	**Project**	**Timeline**
1	Data Center Facility (DCF) operational In respect of Data Recovery Centre (DRC)	June 2015
2	Network Integrator (NI) in remaining locations	June 2015
3	Financial Services Integrator (FSI)	June 2016
4	Core System Integrator (CSI)	June 2016
5	Change Management (CM)	October 2015
6	Rural Hardware (RH)	March 2017
7	Rural System Integrator (RSI)	March 2017
8	Mail Operation Hardware (MOH)	March 2016

21. The details of allocation relating to IT Induction and Modernization Scheme for the past four years and 2015-16 are as follows:

(Rs. in crores)

Sl No	**Year**	**Proposed Allocation**	**BE**	**RE**	**Actual Exp.**	**% of Achievement when compared with BE**
1	2011-12	917.97	676.41	196.82	164.40	24.31
2	2012-13	1437.28	516.00	109.36	26.13	5.06
3	2013-14	842.01	532.21	295.74	254.78	47.87
4	2014-15	1910.18	506.39	86.80	67.44 (upto Feb.2015)	13.32
5	2015-16	2000.89	276.40	--	--	--

22. When asked about the underlying reasons for the steep reduction of funds at RE stage for all the years beginning from 2011-12 in the IT induction and Modernization scheme, the Department, in a written note, stated that non-materialization of planned

activities under Technology Projects resulted in reduction in funds. The reasons for the same are given below:-

(i) In order to reduce the dependence of the entire Project on a single vendor so as to minimize risk, the Project was designed to be implemented through eight streams by floating eight RFPs.

(ii) The 8 streams of the Project were interdependent and finalization of all the RFPs in a synchronized manner was essential for acceptance of the deliverables and consequent expenditure of funds.

(iii) Public procurement processes in the government are time consuming and in all cases finalization of the RFPs took more time than anticipated, as the prospective bidder kept on asking for more time. The Competent Authorities were compelled to give more time in order to ensure competition.

(iv) With all the complexities involved in the procurement process, when the vendor was selected finally, in the instant Project in two cases, the selected vendor refused to execute it. This led to re-tendering and avoidable wastage of time.

(v) Even in the cases where implementation started, the acceptance of deliverables and the consequent expenditure of funds got delayed on many occasions due to complex interdependencies in the Project; for example the final acceptance of Disaster Recovery Centre got delayed on account of statutory clearances from bodies like Pollution Control Board and Chief Controller of Explosives. Consequently, even though the facility was ready, it could not be accepted and funds on this account could not be utilized. Data Centre being a central facility, it impacted the deliverables of Data Centre vendor, Network Integrator, Core System Integrator and Financial System Integrator.

23. On the status of the procurement of hardware and software under IT Induction and Modernization scheme, it was stated as under:-

Sl No.	**Name of the segment**	**Implement-ing agency**	**Completion of Implement-ation**	**Completion of Operation and Maintenance**
1	Rural System Integrator for software	M/s Infosys	March 2017	Oct 2025
2	Core System Integrator for	M/S Tata Consultancy	June 2016	June 2021

	various software solutions and central Hardware	Services Ltd		
3	Financial Solution for software solutions and central Hardware	M/s Infosys	June2016	May 2021
4	Data Centre & DR (Infrastructure solution)	M/S Reliance Communicat-ion India Ltd	DC Functioning DRC – June 2015	July 2020
5	Network Connectivity (Hardware and Infrastructure)	M/S SIFY	June 2015	Dec 2020
6	Rural Hardware & Connectivity	M/S TCIL & RICOH India ltd	March 2017	Oct 2021
7	Mail Operation Hardware	Through DGS&D	March 2016	Sep 2020

24. When asked about how the IT Induction Project is likely to facilitate banking, insurance and e-Commerce operations of the Department of Posts, the Department submitted as under:-

(i) **Banking:** One of the most important components of the IT Project is the introduction of core banking solution for Post Office Savings Bank operations. The Core Banking stream is presently under implementation and so far the solution has been rolled out in 2148 Post Offices. In addition, ATM roll out is also under progress. With the implementation of Core Banking Solution, the POSB operations are now at par with similar services being offered by other banks. Once completed, the Core Banking Solution will lead to installation of 1000 ATMs and it will introduce facilities of 'any time anywhere banking', ATM banking, Internet banking, Mobile banking and Phone banking to the Post Office Savings Bank customers.

(ii) **Insurance**: Like the Core Banking Solution, implementation of Core Insurance Solution (CIS) is also an important component of the IT Project. The CIS stream will provide online insurance services to the customers. Further, it will substantially improve customer satisfaction, as they would

be able to deposit their premium anywhere, monitor their accounts online and facilitate final settlements in a speedy and transparent manner.

(iii) **e-Commerce**: e-Commerce operations are completely technology driven: from offering the merchandise on the Portals to their final delivery at the customer's door step and the remittance of COD (Cash on Delivery) amount to the merchant. The India Post Technology Project is setting up an IT Infrastructure and robust Software solutions for Mail Operations as well as money remittance services. Once the Project is implemented, facilities like online booking, availability of payment gateway, online tracking, SMS alerts, delivery information uploading instantly through handheld devices will become available. Similar online visibility will also be available in the case of money remittance operations. Both these components can be leveraged for increasing e-Commerce business.

(ii) FINANCIAL SERVICES (SAVINGS BANK AND REMITTANCES)

25. The objective of this scheme is to fully realize the potential of the vast customer base and credibility of India Post in the area of banking and promote the habit of thrift and savings among citizens of the country. The scheme is being continued in 12th Plan under the nomenclature of Financial Services (savings bank & remittances) with a widened scope and object. The proposed outlay for the scheme during the Twelfth Five Year Plan is Rs. 1045 crore out of which the approved outlay is Rs. 784 crore. The details of allocations during the past four years and the current year are as follows:

(Rs. in Crore)

Sl. No	Year	Proposed Allocation	BE	RE	Actual Exp.	% of Exp. when compared with BE
1	2011-12	105.88	8.50	2.00	0.47	5.53
2	2012-13	26.60	24.50	3.56	0.00	0.00
3	2013-14	578.50	55.87	6.65	5.39	9.64
4	2014-15	652.90	5.07	2.33	1.12 (Upto Feb., 2015)	22.10
5	2015-16	151.56	3.35			

26. About under-utilization of funds under the scheme, the Department stated that the allotment under financial services related mainly to setting up of CPCs, ATM network, AML/CFT compliance structure, etc. All these activities had dependency on the roll out of CBS under IT Modernization Project. As the IT Project got delayed due to multiple reasons, the funds allotted under FS Plan scheme could not be utilized fully.

27. The performance of major components of financial Services, i.e. POSB and setting up of PBI are dealt with in the succeeding paragraphs.

(a) Centralized Banking for Post Office Savings Bank (POSB)

28. Asked about the number of Post Offices which have been brought under Core Banking Solutions till date and the targets for providing Core Banking Solution (CBS) to Post Offices during 2015-16, the Department have stated that as on 28.3.2015 CBS has been implemented in 2148 post offices (725 HOs and 1423 SOs) across the country. The Department plan to provide CBS facilities in 23059 Post Offices during 2015-16.

29. Regarding steps being taken by the Department to improve their market share in the International Money Remittances, the Committee have been informed as under:-

> "Department of Posts has tied up with two Money Transfer Operators- Western Union Transfer Services and Money Gram Transfer Services. Efforts are being made to increase the revenue by expanding Money Transfers Receipts locations. As on date, there are 9943 Post Office locations offering services. In the current year, i.e. 2014-15 (upto February 2015), the Department of Posts has done 1269912 transactions of Rs. 2838.17 crore yielding revenue of Rs. 30.96 crore. An incentive of Rs. 25/- per transaction has been introduced by the Department on experimental basis to encourage staff to promote the service, as the market has become highly competitive."

(b) Post Bank of India (PBI)

30. On the application of the Department to RBI for a 'Payments Bank' licence and its current status, the Department replied as under:-

> "The Department have submitted an application to Reserve Bank of India, seeking licence for Payments Bank on 30.1.2015. The evaluation of application is in process."

31. DoP envisage the following role for themselves as Payments Bank.

> To establish itself as a common man's payment bank, primarily focusing on retail and Micro, Small and Medium Enterprises (MSMEs).
>
> - Become a profitable and efficient national bank, providing simple and affordable financial services to the unbanked and under-banked.
> - Provide a wide range of financial services (its own deposit and payment services and third party products as a distributor) and act as a one-stop solution for the financial needs of its target customer segment becoming their preferred banker and fulfilling the agenda of financial inclusion.
> - To effectively service the banking and payment needs of MSMEs, particularly in the unorganized sector, thereby plugging the gaps in the existing financial system of the country.

- To provide banking and payment facilities to every village panchayat in the country, thereby building a platform to facilitate effective delivery of local governance and government's welfare schemes like DBT to the grass root level, even in remote and hitherto neglected areas.
- To enable every Indian resident or business entity to transfer money and make bill payments in cash or through the Bank Account.
- To leverage the points of presence, resources and infrastructure of DoP in order to :
  - Provide a diversification strategy for DoP
  - Derive business benefits from synergies between DoP and PBI
  - To achieve financial inclusion by serving the under banked and un-banked sections of the society.

32. On the likely implications of setting up a Payments/Differentiated Bank on the financial health of the Department, the Committee have been informed as under:-

> "While benefiting the Indian economy by driving financial inclusion and payments, the proposed Payments Bank in the form of Post Bank of India (PBI) will also benefit DoP financially in terms of generating revenue, besides increasing the utilization of the large postal network. Leveraging the post office network, PBI will reach the grass roots of the country and will connect millions of people to the banking and financial services network.
>
> 2. In terms of the financial benefits to DoP, PBI will pay DoP through transfer pricing for the usage of Postal Network and infrastructure. In the first of PBI operation, it is projected to pay more than Rs. 250 Crore to DoP for using its network.
>
> 3. PBI is expected to break even in the third year and earn a profit of approximately INR 91 crore in the fifth Year. More direct financial benefits to DoP will accrue through the transfer pricing for customer acquisition, sales and servicing of PBI customers and usage of distribution network, IT and physical infrastructure and through share of commission income."

33. On the role of the PBI in achieving the objective of financial inclusion in the country and making financial services available at the grass root level, the Department in a note, stated:-

> "1. Financial inclusion (FI) has been a policy thrust area in the recent years. While there have been significant steps taken by the banks, FI still remains

an unviable business proposition for banks. FI initiatives in the country have struggled and moved at a slow pace due to a confluence of factors:-

(i) Low and irregular income
(ii) Illiteracy leading to lack of awareness amongst the poor
(iii) Cumbersome documentation requirements to open bank account which are mostly unavailable with the poor.
(iv) High cost of rural bank operations coupled with low transaction volume. Minimum margin requirement for managing customer service point (CSP) networks
(v) Low value transactions amongst poor customers
(vi) High cost of verification of poor customers who lack formal identification documents.

2. The Department of Posts currently have a customer base of approximately 34 crore customers for its liability products through the POSB and significant experience in disbursements for five Government run welfare schemes (MGNREGA, IGNOAPS, IGNWPS, IGNDPS, IGMSY) for which it has collectively disbursed payments of INR 34,655 crore over the 3 year period (2011-2014).

3. The DoP are currently implementing a huge IT modernization project to ensure that all our offices, services and networks, etc. are upgraded along with facility of banking technology available to all. This includes implementation of a Core Banking Solution, rural ICT solution and installation of ATM network which will enhance customer satisfaction through better service delivery, thereby networking all post offices across the country using integrated, scalable technology solution. PBI will be set up as a fully technology enabled bank, with internet and mobile banking channels and all peripheral IT systems. In order to achieve the Bank's business objectives in striving to offer innovative products and superior service, PBI will implement a robust, highly scalable and comprehensive enterprise-wide Core Banking Solution (CBS) along with other Support applications synergizing with current IT initiatives of DoP.

4. Hence, PBI can be used as a potential catalyst by DoP to leverage the distribution structure of post offices to minimize the operational issues and ensure timely payments to beneficiaries along with an offering of banking and payments proposition. PBI plans to eliminate the distribution set-up cost and operational cost based on arm's length transfer pricing mechanism that would be paid to the Department of Posts.

5. PBI can leverage this prior experience and capability to transfer subsidies to a large number of rural and semi-urban account holders as well as open new small accounts for this purpose. The large scale will also

help it transfer subsidies at a lower cost compared to other public and private banks and serve as a viable financial inclusion organization for speedy rollout of DBT."

(iii) <u>Premium Services</u>

34. The objective of this scheme is to focus on marketing, logistics and retail services to address the challenges with improved service delivery, transparency and customer sensitivity and a wide range of generic and customized premium products and services. Rs. 156 crore has been allocated for the activity during the Twelfth Plan period. The details of allocations for the last four years and the current year are as follows:

(Rs. in crore**)**

Sl. No	Year	Proposed Allocation	BE	RE	Actual Exp.	% of Achievement when compared with BE
1	2011-12	100.00	15.39	14.74	15.78	102.53
2	2012-13	4.00	15.50	4.56	0.81	5.22
3	2013-14	39.65	10.00	8.00	8.11	81.10
4	2014-15	51.73	17.50	13.00	7.33 (Upto Feb., 2015)	41.88
5	2015-16	44.00	11.55			

35. When asked about the current market share of India Post in the Speed Post Segment as compared to the Private Courier Services in the country and measures taken by the Department for further growth of Speed Post Services in the country, the Department replied as under:-

"A Market Research and Customer Satisfaction Survey on Speed Post service was conducted by M/s IMRB International on behalf of the DoP. The report shows that the share of India Post's Speed Post in overall courier market has increased from 24% in the year 2010-2011 to 32.5% in year 2013-14. The delivery of Speed Post is available across the country. For further growth of Speed Post in the country especially in rural areas the Heads of Circles have been empowered to expand Speed Post booking service in the areas under their jurisdiction keeping in view connectivity, customer requirements, and market potential. Further, Cash on Delivery facility has been introduced on Speed Post as well as Express and Business Parcel so that rural customers can also get benefits of eCommerce revolution. As per the market survey conducted by Shoprix, an online e-commerce portal and DG, P&T Audit, the services of Speed Post are far ahead of private courier in terms of reach, track and trace, timely delivery and pricing."

36. On the response to the Speed Post-Cash on Delivery (SP-CoD) service introduced by the Department of Posts to cater to specific needs of the e-Commerce companies, the Committee have been informed as under:-

> "Considering the fact that Cash on Delivery (option in India) is most popular, Department of Posts has introduced Cash on Delivery facility as value addition to Business Parcel, Express Parcel and Speed Post services to provide fast and economical remittance option to customers towards cost of their goods. Department of Posts have collected and remitted more than Rs. 450 crore till February, 2015 since its introduction in December 2013 to the e/Tele commerce customers."

37. The Revenue generated through Speed Post during the last 3 years is as follows:-:

Year	**Revenue (Rs. in crores)**	**Percentage increase in revenue**
2011-12	889.60	18.80 %
2012-13	1261.50	41.81 %
2013-14	1372.21	8.78 %

The Department have not provided figures of revenue generation during 2014-15.

38. The Revenue generated under Logistics Post in the last 3 years is given below:

Year	Revenue generated in Rs. Crores
2011-12	15.90
2012-13*	49.50
2013-14	15.25

The Department have not provided figures of revenue generation during 2014-15.

* Transportation of census material of Registrar General of India (RGI) across the country was undertaken under Logistics Post in 2012-13, and it yielded revenue of Rs. 49.50 crore. It was one time business.

39. The Committee have been informed that the Registrar General of India, Pawan Hans Helicopters Limited, State Government Text Books Corporations, etc. are the major customers availing Logistics Post services of the Department. In order to expand the coverage of Logistics Post services and generate more revenue, the Department have signed a 'Memorandum of Understanding' with Air India to provide air transmission facility to Logistics Post consignments. This facility is available between 15 stations. In order to ensure proper road transportation facilities for transmission and delivery of Logistics Post, transporters have been empanelled. Further, Circles have been empowered to make local arrangements, if required.

40. Regarding the plans of the Department to capture market share in product delivery in the fast growing e-Commerce segment, the Department submitted as under:-

> "Department of Posts have a focused approach to fulfill the needs of the e-Commerce sector, which is at boom at present, to increase its revenue receipts. As a part of strategy to provide logistic and payment solutions to such customers, Department of Posts have rationalized their service offerings and introduced Cash on Delivery facility. The Parcel booking and handling facilities are being upgraded to cater to the increasing e-Commerce market. As per demand of the e-Commerce companies, Department are providing technological support which includes seamless data integration through Application Programme Interface (API) with the e-Commerce companies. Since e-Commerce companies are looking for much faster delivery options like same day/ next day deliveries, Department have also started pilot in select cities through select Post Offices to provide same day/ next day delivery so that existing customers are retained and new business is diverted to Department of Posts. Department are also initiating action to mechanize its deliveries to improve the delivery performance."

41. On the tie-ups of the Department with e-Commerce players for delivery of their products, the Committee have been informed as under:-

> "The DoP have made special efforts to generate more business from the booming e-Commerce segment market. The Department of Posts is offering its existing products & services like Speed Post, Express Parcel/Business Parcel to all customers, including e-Commerce companies. The following are some of e-Commerce players with whom Department has tied up for delivery of their consignments:
>
> i. M/s Amazon.com
> ii. M/s Naaptol Online Shopping Pvt. Limited
> iii. M/s Telebrands
> iv. M/s Snapdeal
> v. M/s Flipkart.com (WS Retail Sellers)
> vi. M/s Yepme.com (Growthways)
> vii. M/s Myntra.com (Vector Ecommerce Pvt. Ltd)
> viii. M/s Shopping Zone India TV Pvt. Limited
> ix. M/s Jabong.com (Xerion)"

(iv) <u>Mail Operations, including International Mails and Global Business</u>

42. The objective of this scheme is to streamline mail operations, keeping in view the emerging needs of various customer segments, with special emphasis on the business mail segment, visibility of mail movement or track and trace and speedy transmission of mails. The proposed outlay for the Scheme in the Twelfth Five Year Plan was Rs. 821.20

crore and the approved outlay for the same is Rs. 568.20 crore. The details of allocations for the past four years and the current year for Mail Operations are as follows:

(Rs. in Crore)

Sl. No	Year	Proposed Allocation	BE	RE	Actual Exp.	% of achievement compared with BE
1	2010-11	250.00	125.00	129.65	129.52	103.62
2	2011-12	86.93	49.93	57.60	53.27	106.69
3	2012-13	63.75	77.60	51.20	43.56	56.13
4	2013-14	166.34	92.15	32.68	43.66	47.37
5	2014-15	184.04	78.83	48.50	29.20 (upto Feb., 2015)	37.04
6	2015-16	71.97	52.03	--	--	--

(a) Mail Network Optimization and Setting up of AMPCs

43. The salient achievements of MNOP since its inception are as follows:-

i. Reduced transit time and improved delivery performance for Speed Post articles
ii. Improved track and trace facility for Speed Post articles.
iii. Standardized processes at Speed Post Processing Centres, Computerised Registration Centres and Parcel Hubs have led to streamlined operations, better monitoring and enhanced productivity
iv. The online KPI tool has provided an effective mechanism for performance measurement
v. Online availability of track and trace facility in respect of Registered and Parcel articles.

The achievements during 2014-15 are:

i. Booking and delivery information for more than 93% Speed Post articles are available online.
ii. Booking and delivery information for more than 75% Registered Articles are available online.
iii. More than 90% of Speed Post articles are now delivered within norms.

The plans for 2015-16 are:-

i. Infrastructure upgradation of 54 First Class Unregistered Mail Offices, Computerized Registration Centres (CRCs) and Parcel Hubs.
ii. Infrastructure upgradation of 55 Speed Post Sorting Hubs/Intra Circle Hubs/Book Now Pay Later (BNPL) Centres.
iii. Selection and on boarding of Consultant for Parcel Network Optimization Project.

44. On the current status of replacing old AMPCs at Mumbai and Chennai and setting up of new AMPCs at Bengaluru and Hyderabad, the Department replied as under:-

> **"Mumbai:** Mumbai International Airport (MIAL) has offered the suitable land for setting of AMPC and Department has accepted the same. Both the parties have also agreed for the lease rent for the land. Agreement with MIAL will be entered in to shortly. Draft agreement has been sent to Ministry of Law & Justice for vetting. The Expression of Interest (EOI) was floated for hiring consultant for the project and four consultancy firms have been shortlisted for issue of RFP. RFP for consultant has been drafted and submitted to the competent authority for consideration and approval. The RFP for vendor shall be issued after having the consultant on board.
>
> **Chennai:** Department has decided to set up AMPC at Departmental land at MMS Complex, Chennai. Sufficient land is available at MMS Complex for smooth functioning of AMPC. The Expression of Interest (EOI) was floated for hiring consultant for the project and four consultancy firms have been shortlisted for issue of RFP. RFP for consultant has been drafted and submitted to the competent authority for consideration and approval. The RFP for setting up of AMPC shall be issued after having the consultant on board.
>
> **Bengaluru:** Suitable land for setting up of AMPC at Bengaluru has been purchased from Karnataka Industrial Area Development Board (KIADB) near Bengaluru Airport. The Expression of Interest (EOI) was floated for hiring consultant for the project and four consultancy firms have been shortlisted for issue of RFP. RFP for consultant has been drafted and submitted to the competent authority for consideration and approval. The RFP for setting up of AMPCs shall be issued after having the consultant on board.
>
> **Hyderabad :** Suitable land for setting up of AMPC at Hyderabad has been purchased from the Government of Andhra Pradesh near Hyderabad Airport. The Expression of Interest (EOI) was floated for hiring consultant for the project and four consultancy firms have been shortlisted for issue of RFP. RFP for consultant has been drafted and submitted to the competent authority for consideration and approval. The RFP for setting up of AMPCs shall be issued after having the consultant on board."

45. Regarding the total number of articles handled by AMPCs functioning at New Delhi, Kolkata and Mumbai and the amount of mail handled by them as a percentage of total mail handled by the Department, the Department replied as under:-

> "Total number of articles handled by Delhi & Kolkata:

Delhi: 6 lakh articles per day, including 1 lakh Speed Post articles and 5 lakh unregistered mail.

Kolkata: 2.75 lakh per day, including 65000 Speed Post articles and 2.10 lakh unregistered mail.

Mumbai:- Functioning of AMPC has been stopped as the sorting Machines are not working since the machines have over lived their life of 15 years. Life of sorting machines had expired in 2006. Also, no vendor is available in India for maintenance of old sorting machines.
The Percentage of Speed Post Mail at AMPCs Delhi and Kolkata vis-a -vis total Speed Post mail handled by the Department is approximately 10%. The percentage of unregistered mail at AMPCs Delhi and Kolkata vis-a-vis total unregistered mail handled by the Department is approximately 0.5%. AMPC at Mumbai is functioning as mentioned above."

(v) Postal Life Insurance

46. The objective of this scheme is to fully exploit the potential of the insurance sector through focus on technology and skill upgradation, keeping in view the potential market growth and customer expectations. The details of allocation are as follows:

(Rs. in Crore)

Sl No.	Year	Proposed Allocation	BE	RE	Actual Exp.	% age of Achievement when compared with BE
1	2011-12	8.73	5.00	5.00	4.68	93.60
2	2012-13	4.00	4.00	2.00	0.05	1.25
3	2013-14	10.00	10.00	9.00	8.19	81.90
4	2014-15	10.15	10.15	9.00	6.54 (Upto Feb., 2015)	64.43
5	2015-16	17.65	6.70	--	--	--

47. Regarding the share of the Department in the life insurance sector in terms of number of policies, premium amount collected and total claims settled, the Committee have been informed as under:-

"In terms of No. of policies, PLI & RPLI stands 2nd after LIC (PLI- 54.06 lakhs, RPLI-150.14 lakhs (As on 31.03.2014). As on date there are more than 77 lakh PLI and 238 lakh Rural PLI policies (unaudited).

In terms of premium, the position as on 31.03.2014 was Rs. 7634.45 crore which is 2.53% of Total Market for Life Insurance. As on 28.02.2015, PLI & RPLI premium income is Rs. 7259.40 cr. PLI can be availed only by the following segments:-

Employees of State/Central Government, PSUs, Defense & Paramilitary forces, autonomous/local bodies, public & private sector banks, Credit cooperative societies, Joint ventures having a

minimum of 10% stakes, CBSE/AICTE/ICSE/MCI, accredited institutions, etc. The total share of this segment is 22.5%."

48. The details of claims settled in PLI & RPLI are given as under:-

Claims settled	2011-12		2012-13		2013-14		2014-15 (as on 30.3.2015)	
	No. of Policies	Amount	No. of Policies	Amount	No. of Policies	Amount	No. of policies	Amount (Rs. in Cr.)
PLI	162608	1218.48	240787	1380.14	246415	1769.03	140866	1461.62
RPLI	1608672	248.64	517775	376.26	521760	533.12	57917	96.27"

49. On complaints regarding settlement of Postal Life Insurance claims, the existing mechanism to deal with such complaints and the total number of such complaints received during the last three years, the Department furnished as under:-

"Status of Complaint Cases (Period w.e.f. 1.01.2011 to 28)

Period of receipt of complaints	Complaints Received	Settled
Cases received in 2011 (From 1.01.11 to 31.12.2011)	383	307
Cases received in 2012(From 1.01.12 to 31.12.2012)	657	473
Case received in 2013 (From 1.01.13 to 31.12.2013)	1214	785
Case received in 2014 (From 1.01.14 to 31.12.2014)	1423	558
Cases received from 01.01.2015 to 28.02.2015	142	28
Grand Total	3819	2151

- Cases are forwarded to Circles concerned through Dak & email and settlement of complaints is monitored regularly.
- Toll Free No. in all the Circles have been installed and customer care executives attend to the queries and grievances and most of the queries such as status of the policy, how to open duplicate policy bond, new premium receipt book, etc. are attended & settled on the spot."

50. The performance of PLI and RPLI and corresponding trend in withdrawal for the last four years are given in the following tables:-

Trend of business	2011-12		2012-13		2013-14		2014-15(unaudited)	
	No. of Policies	Sum assured (Rs. in crore)	No. of Policies	Sum assured (Rs in crore)	No. of Policies	Sum assured (Rs. in crore)	No of policies	Sum assured
PLI	5006060	76591.33	5219326	88896.46	6272169	110333.07	77893421	130745.27
RPLI	13547355	69754.17	14664650	75154.06	23232236	99097.34	23868541	105204.79

The data relating to withdrawal of PLI & RPLI is given as under:-

Withdrawal / Surrender	2011-12		2012-13		2013-14		2014-15 (upto Feb, 15)	
	No. of Policies	Amount (Rs.)	No. of Policies	Amount (Rs)	No. of Policies	Amount (Rs)	No. of policies	Amount
PLI	14200	3398973	15417	647224357	17891	785174116	16852	795180136
RPLI	28776	322096760	33788	417784559	38250	515716761	41902	618667002

51. The Department have taken the following steps to popularize the scheme amongst the targeted beneficiaries:-

- Release of advertisements & publicity in all modes.
- Heads of administrative Ministries & Departments have been demi-officially addressed for new business.
- Computerization of all activities related to policy servicing & premium payments.
- TV commercials, Radio Jingles coupled with publicity in Print Media.
- Sum assured limit of PLI has been raised from Rs. 20 lakh to Rs. 50 lakh
- Betterment of customer service through modernization and IT induction
- Organizing PLI and RPLI melas at identified offices/organizations and villages, respectively, in order to educate the target groups about the schemes and facilitate completion of formalities.

52. On the status of overall computerization of services offered through the Postal Life Insurance, the Department, in a note, stated:-

"The status of overall computerization of the Postal Life Insurance services is as below:-

(a) All PLI and RPLI data is currently stored in a central server. A web-based online application developed by NIC for processing of new proposals, maturity claims, death claims, etc. is operational at Divisional Offices and Circle Offices.

(b) All Post Offices have counter (Point of Sale) software application for accepting of PLI premium payments by customers.

(c) A web portal is enabled for customers to make online payments and have access to different types of forms for surrenders, loans etc.

(d) Since February 2014, a pilot project for the implementation of a new Core Insurance Solution (developed by M/s. Infosys) has been rolled out in 284 Head Post Offices and 8468 Sub Post Offices in the States of Assam, Delhi, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh, Gujarat and Madhya Pradesh. Over the next one year, the Core Insurance Solution will be rolled out in the remaining States of India. This solution will allow processing and claim settlement work to be decentralized to 810 Head Post Offices all over the country. It will also have multiple payment options for customers as well as facility for viewing policy details online, web and mobile portals. A call centre will also be put in place during the current financial year."

V. Miscellaneous

(i) Task Force on Leveraging India's Post Office Network

53. The Department of Posts constituted a task force on 21.08.2014 to study and make recommendations regarding leveraging the post office network in India. The task force made a total of 181 recommendations. A group of Senior Officers has been constituted to examine each recommendation of the Task Force, to obtain relevant inputs from various stakeholders, including Service Unions, etc. and to chalk out a strategy for implementing specific recommendations of the Task Force along with timelines, in synergy with the other two reports of Internal Task Forces set up to 'Scale up PLI Business' and 'Capture e-Commerce Market'.

54. Some of the recommendations of the Task Force dealing with leveraging of huge postal network for generation of additional business and augmentation of revenue receipts:-

- Integrated Banking Solution which will provide online access to the account and information related other services
- Installation of Automatic Tailor Machines (ATM) throughout the country enabling round the clock access to the users
- Issuance of Debit Cards and Cheque Books to the account holders
- Handheld devices to provide last mile delivery of service to the remotest possible location in the country

- Internet based access to Postal Life Insurance and Rural Postal Life Insurance
- Centralized IT System for Mail Operations enabling real time tracking of mail, parcels and other services
- Centralized Human Resource Management System
- Additional Retail & Agency Services

(ii) Delivery of seed packets through Post

55. The Committee have been informed that an innovative mode of farm extension through postal staff is being tried out in several States by the New Delhi-based Indian Agricultural Research Institute (IARI) wherein seed packets of new crop varieties, along with the recommended agronomic practices for their cultivation, are sent to farmers through post. Business Parcel and Express Parcel services of the Department are being used to deliver the seeds packets of new crop varieties to the farmers through the Rural Branch Postmasters. IARI has found that the IARI-Post Office linked model was highly effective in increasing the awareness about the Indian Agricultural Research Institute (IARI) varieties.

(iii) Pilot Project for Varanasi

56. When asked about the response to the pilot project of delivery of merchandise of Varanasi weavers sold through the online portal Snapdeal, the Department informed as under:-

> Department of Posts has entered into a tie-up with M/s Snapdeal.com (Jasper InfoTech Pvt Limited) to provide a platform for online sale of merchandise of Varanasi weavers so as to extend the benefit of eCommerce to this segment of society. This has been a learning experience for the Department in handling of e-Commerce business. There had been some constraints in increasing the number of products and listed vendors on the portal. Till February, 38 vendors were live on the portal with 298 products available for sale. A joint web page of the pilot project has got more than 25000 hits per month and this has given a huge brand visibility to the Department as a by-product.

PART-II

OBSERVATIONS/RECOMMENDATIONS

Gross Expenditure and Revenue Receipts

The Committee note that in the year 2014-15, gross expenditure of the Department of Posts at RE Stage was Rs.18489.85 crore as against Rs.16464.05 crore during the year 2013-14. The budget estimate of gross expenditure for the year 2015-16 is Rs. 19494.26 crore. According to the Department, the net expenditure during the year 2014-15 (RE) increased by 10.13% in comparison to 2013-14 and the net expenditure in 2015-16 (BE) is estimated to be around 5.57% higher than the projection of RE in the year 2014-15. The corresponding revenue receipts have increased from Rs. 9787.52 crore in 2013-14 to Rs. 11,327.92 crore in 2014-15 at RE stage. The budget estimate for the year 2015-16 stands at Rs. 12,036.87 crore. A close look at the financial performance for the past five years indicates that the Department have been able to sustain growth in revenue year after year. This is noted to be an encouraging trend. What is noteworthy is the fact that the percentage growth in revenue has surpassed the percentage growth in expenditure. During FY 2013-14, gross expenditure grew by 8.6% while revenue has shown an increase by 14.54%. In respect of revenue deficit, while the budget estimate for 2014-5 was Rs.7194.46 crore, it came down to Rs.6517.74 crore at RE Stage. The budget estimate for the year 2015-16 is Rs.6802.05 crore. The Committee appreciate the fact that despite annual increase in revenue expenditure, the Department have been able to keep the revenue deficit under check. The Committee also note that during the last few years, services like Speed Post and Business Post have shown increase in revenue receipts. Further, the Department are focusing on areas like Post Office Savings Bank (POSB), parcel business from e-Commerce and expansion of PLI to improve their revenue generation. The Committee desire that there is a need to follow a twin-pronged approach of aiming for reduction in revenue expenditure together with measures to increase the revenue receipts of the Department.

IT Induction and Modernization - Underutilization of funds

2. IT Induction and Modernization is an important scheme of the Department with a comprehensive IT roadmap to develop network architecture, integrated software and effective data management, including establishment of National Data Centre(s) and Disaster Recovery Centre. There are eight segments/activities under the IT Induction and Modernization Project which include Data Center Facility (DCF), Network Integrator (NI), Financial Services Integrator (FSI), Core System Integrator (CSI), Change Management (CM), Rural Hardware (RH), Rural System Integrator (RSI) and Mail Operation Hardware (MOH). Under this scheme, in the year 2014-15, Rs. 506.39 crore was allocated at BE stage which was reduced to Rs. 86.80 crore at RE stage and the actual utilization (upto February 2015) was Rs. 67.44 crore which is just 13.32 percent of the budget estimate. The reasons attributed to underutilization of funds relate to complex interdependencies amongst the eight streams of the Project requiring the finalization of all the RFPs in a synchronized manner, time consuming nature of public procurement processes in a Government set-up, refusal of vendors to execute the project in two cases leading to re-tendering and requirement of statutory clearances from bodies like the Pollution Control Board and the Chief Controller of Explosives. The Committee have been informed that activities under the eight designated streams of the project are at mature stages of finalization. As per revised timelines, three components are to be implemented during 2015, other three by 2016 and the remaining two components will be executed by March, 2017.

The Committee are concerned to note that various procedural delays have been affecting the utilization of funds in an all encompassing scheme of the Department, which is likely to improve its functioning across multiple areas. The Committee recommend that efforts to be made to see that the revised timelines set for execution of core components of the scheme are strictly complied with so to obviate any further spill over of the project. Expeditious implementation/execution of the scheme will also enable the Department to provide improved products and services, meet increasing competition and cater to rising customer expectations. The

Committee will like to be informed about the progress made in implementation of this project.

IT Induction and Modernization - Networking of Departmental Post Offices

3. The Committee note that the Department have achieved computerization of 25,468 Departmental Post Offices. However, the number of Departmental Post Offices which have been networked stands at 24,462. In postal circles like West Bengal, Tamil Nadu, Uttarakhand and Himachal Pradesh, the number of Post Offices which have been computerized but not yet networked remains relatively high. In an era when the Department are planning to set up a Payments Bank and when most of the financial transactions, viz. money remittances, payment of utility bills and operation of small savings accounts require real-time data transfer and networking with data servers/centralized data centre, it is expedient that the Department achieve complete networking of all the Departmental Post offices at the earliest. The Committee, therefore, recommend that the Department should take suitable measures for full networking of all the Departmental Post Offices to facilitate seamless transfer of data resulting in uniformity and uninterrupted delivery of services to the customers.

Financial Services (Savings Bank & Remittances) – Under-utilization of funds

4. The Committee find that there has been a significant under-utilization of funds in the Financial Services (Savings Bank and Remittances) Scheme. The utilization was Rs. 0.47 crore in 2011-12, Nil in 2012-13 and Rs. 5.39 crore in 2013-14. In 2014-15, the budget estimate of Rs. 5.07 crore was reduced to Rs. 2.33 crore at RE stage and the actual utilization upto February, 2015 was Rs. 1.12 crore. The budget estimate for the year 2015-16 is Rs. 3.35 crore. Explaining the reasons for under-utilization of funds, it was stated that allotment under financial services mainly related to setting up of CPCs, ATM network and AML/CFT compliance structure, etc. All these activities had dependency on the roll-out of CBS under the IT Induction and Modernization Scheme and the delay in IT Induction and modernization scheme led to under-utilization of funds in the Financial Services (Savings Bank and Remittances) Scheme.

While taking note of the inherent link between the Financial Services and IT Induction Schemes, the Committee emphasize that roll-out of both the schemes should be expedited and regularly monitored so that any delay in implementation/execution of one scheme does not adversely affect the performance of the other schemes and the Department can ensure optimum utilization of the allocated funds.

Financial Services (Savings Bank and Remittances) – Setting up of Post Bank of India

5. The Committee note that the Department have submitted an application to theReserve Bank of India on 30.01.2015 seeking licence for setting up a Payments Bank and the evaluation of application is in process. The Department have their presence across the country through its network of 1,54,882 post offices, out of which 1,29,389 are in the rural areas which are still significantly unbanked. The Department also have an existing customer base of approximately 34 crore customers in POSB Schemes, significant experience in disbursement for five Government run welfare schemes (MGNREGA, IGNOAPS, IGNWPS, IGNDPS and IGMSY) in which they have collectively disbursed payments of Rs. 34,655 crore over the last three years (2011-14) and are currently implementing a huge IT Modernization project which will *inter-alia* enable implementation of Core Banking Solution (CBS), ATM network, internet banking and mobile banking. The Committee feel that the DoP possess inherent advantages which make it ideal for setting up a Payments Bank. In a country like India where a large segment of the population is still unbanked, the Department with its 1,29,389 points of presence across rural India can play a vital role in offering banking services in the rural areas where the presence of commercial banks is presently very limited. The Committee will like to be apprised of the progress made in the direction of setting up of the Post Bank of India.

Setting up of Post Bank of India – Revenue Generation

6. The Committee note that the proposed Payments Bank in the form of Post Bank of India (PBI) will not only help in financial inclusion and drive up payments but would also benefit DoP financially in terms of generating revenue through transfer

pricing for the usage of postal network and infrastructure. In the first year of its operation, PBI is projected to pay more than Rs. 250 crore to the DoP for using its network. The PBI is expected to break even in the third year and earn a profit of approximately Rs. 91 crore in its fifth year of operations. The Department will accrue further financial benefits through transfer pricing for customer acquisition, sales and servicing of PBI customers and usage of distribution network, IT and physical infrastructure and through share of commission income. The Committee find that besides achieving the objective of financial inclusion in the country which is a policy thrust area, the setting up of the Post Bank of India as a Payments Bank is likely to have a positive impact on the financial health of the Department as can will utilize the large postal network already in place for additional revenue generation. In view of the fact that the Department have been making concerted efforts to increase revenue receipts, setting up of a Payments Bank is likely to help it in this endeavour. The Committee, therefore, emphasize the need to expeditiously set up the Post Bank of India as a Payments Bank to realize the objective of financial inclusion and improve the financial health/revenue receipts of the Department through optimum utilization of the vast resources and infrastructure of the Department in the rural and unbanked areas of the country.

<u>Premium Services – Speed Post and Logistics Post</u>

7. Speed Post is an important premium service offered by the Department whose market share in the overall courier market has increased from 24 per cent in 2010-11 to 32.5 per cent in 2013-14. The Department have also introduced 'Speed Post - Cash on Delivery' facility to cater to the requirements of e-Commerce companies. Logistics Post is another premium service offered by the Department. In order to expand the coverage of Logistics Post and generate more revenue, the Department have signed a Memorandum of Understanding with Air India to provide air transmission facility to Logistics Post consignments. This facility is available between 15 stations. The Department have also empanelled transporters to ensure proper road transportation facilities for transmission and delivery of Logistics Post. The Committee were apprised

that the Registrar General of India (RGI), Pawan Hans Helicopters Limited, State Government Text Books Corporations, etc. are the major customers availing Logistics Post services of the Department.

The Committee are, however, concerned to note that while the growth in revenue from Speed Post showed an increasing trend of 41.79 per cent in 2012-13, it had declined to 8.78 per cent in 2013-14. Further, the revenue from logistics post has remained stagnant from 2011-12 to 2013-14 except for an increase in 2012-13 owing to the one-time business of transportation of the Census material of the Registrar General of India (RGI).

The Committee observe that despite the laudable performance of Speed Post in being amongst the foremost services showing revenue potential for the Department, issues like low market share and quality of service have been a matter of concern. It is evident that both Speed Post and Logistics Post have tremendous potential for further improvement in their overall market share. The Committee, therefore, will like the Department to strenuously work towards further increasing the market share of both the premium products by gainfully utilizing the vast resources available at their disposal. In this context, the Department need to take appropriate measures to promote awareness about the various attractive features of Speed Post by giving wide publicity to important features such as 'track and trace' facility, etc. amongst the targeted customers through all means at their disposal which can play a decisive role in making the Speed Post the first choice amongst the users.

<u>Premium Services – Catering to e-Commerce Sector through Speed Post Cash on Delivery SP (CoD)</u>

8. The Committee appreciate that the Department have identified e-Commerce as an emerging business prospect considering that this industry is growing in India at a very fast pace. The Committee have been apprised that the growing online retail industry is throwing up new opportunities and the Department are striving to avail the same by introducing the service 'Speed Post-Cash on Delivery (SP-CoD)' which is specifically targeted to address the needs of e-Commerce companies as well as setting

up of dedicated parcel hubs to handle the increasing parcel and e-Commerce traffic. The Department of Posts have collected and remitted more than Rs. 450 crore till February, 2015 through CoD since its introduction in December 2013.

The Committee understand that besides initiating action to mechanize its deliveries, owing to demand from e-Commerce companies, the Department are providing technological support which includes seamless data integration through Application Programme Interface (API) with the e-Commerce companies. Since e-Commerce companies are looking for much faster delivery options like same day/ next day deliveries, the Department have also started pilot project in select cities to provide same day/ next day delivery so that existing customers are retained and new business is diverted to the Department of Posts. The Department have also entered into tie-ups with major e-Commerce players such as Amazon, Snapdeal, Flipkart, Myntra, Jabong and others for delivery of their consignments.

The Committee hope that all these steps will enable the Department to be a priority choice amongst e-Commerce companies for delivery of goods ordered online. Taking note of the fact that e-Commerce offers a tremendous scope for business, the Committee recommend that the Department should proactively market its Speed Post Cash on Delivery Service, setting up of dedicated parcel hubs and leverage tie-ups with major e-Retailers/e-Vendors on priority basis in order to take an early lead over their competitors for garnering a significant market share in the fast emerging e-Commerce segment.

<u>Mail Operations, including International Mails and Global Business – Mail Netwok Optimization Project (MNOP)</u>

9. The Committee note that MNOP was undertaken by the Department to optimize and consolidate the erstwhile mail network and improve the quality of service of mail products. MNOP has helped the Department in achieving various quality parameters such as online availability of booking and delivery information for more than 93% of speed post articles, online availability of booking and delivery information for more than 75% of Registered articles and delivery of more than 90%

Speed Post articles within the stipulated norms. Other advantages of MNOP include online availability of 'track and trace' facility for Registered and Parcel articles, reduced transit time and improved delivery of Speed Post articles, improved track and trace facility for Speed Post articles, standardization of processes at Speed Post processing centres, streamlined operations, online KPI tools for performance measurement, better monitoring and enhanced productivity.

The Committee are given to understand that during 2015-16, the Department aim to undertake infrastructure upgradation of 54 First class Unregistered Mail offices, Computerized Registration Centres (CRCs) and Parcel hubs, infrastructure upgradation of 55 Speed Post Sorting Hubs/Intra Circle Hubs/ Book Now Pay Later (BNPL) centres and selection and on boarding of consultant for Parcel Network Optimization Project.

In the light of these objectives, the Committee stress that quality monitoring and continuous improvement in services should be an ongoing activity in the Department. Since the Department are facing increasing competition from private players and quality of services is a critical parameter in retention of existing customers as well as acquisition of new customers, allocated funds need to be optimally and prudently expended to achieve these objectives.

<u>Mail Operations, including International Mails and Global Business – setting up of Automated Mail Processing Centres (AMPCs)</u>

10. The Committee note that setting up of Automated Mail Processing Centres (AMPCs) is amongst the major activities which have been continued from the Eleventh Plan. The objective of the scheme was to extend the AMPCs facility to more cities to enhance the mail handling capacity, reduce the cost of operations and improve the service quality. As part of the Eleventh Plan scheme, two new AMPCs were set up at New Delhi and Kolkata which together handle about 8.75 lakh articles per day comprising of about 1,65,000 speed post articles which is approximately 10% of the

total speed post volume and about 7,10,000 articles of unregistered mail which is approximately 0.5% of the total unregistered mail volume.

During the Twelfth Plan, it is proposed to set up four more AMPCs at Mumbai, Chennai, Bengaluru and Hyderabad. The committee have been informed that the land for setting up of AMPCs at Chennai, Bengaluru and Hyderabad has been identified and the possession taken by the Department while in Mumbai land related issues are still being resolved.

It is disquieting to note that the Indian Postal Network comprising of about 1,55,000 post offices and employing about 4.60 lakh employees is functioning with only two AMPCs which handle just 10% of speed post articles and a mere 0.5% of unregistered mail articles. In an era when the Department expect to generate the bulk of revenues from speed post, logistics post and express parcel business from e-commerce companies which require same day/next day deliveries, manual processing of mails may prove to be a major stumbling block and hamper its growth in the emerging services. While emphasizing the need for increasing automation in mail processing which is a necessary pre-requisite for faster delivery, quality improvement and efficiency in mail operations, the Committee desire that the setting up of AMPCs may be expedited on a priority basis so that manual processing does not become a bottleneck and affect acquisition of business in emerging categories like Speed Post, logistics post and express parcel post.

<u>Postal Life Insurance (PLI)</u>

11. PLI is an important scheme of the Department with an objective to fully exploit the potential of the insurance sector through focus on technology and skill up-gradation, keeping in view the potential market growth and customer expectations. In terms of the number of Policies, PLI and RPLI stand second after LIC in India. However, in terms of premium, PLI and RPLI have managed just 2.53% of the total market share in the Life Insurance segment in India. The Committee have been informed that presently PLI can only be availed by employees of State/Central Government, PSUs,

Defense and Paramilitary forces, autonomous/local bodies, public and private sector banks, Credit cooperative societies, joint ventures having a minimum of 10% stakes, CBSE/AICTE/ICSE/MCI, accredited institutions, etc.

The Committee observe that despite having a large number of policies, the market share in terms of premium income at 2.53% is quite low; it is obvious that there is a huge scope for improvement in this sector. The Department may also undertake a review of the eligibility criteria for availing the Postal Life Insurance and look into possible expansion of the targeted segments. The rising trend in the number of complaints regarding settlement of Postal Life Insurance claims is certainly a matter of concern. The number of complaints has increased from 383 in 2011 to 1423 in 2014. There is also a strong need for timely resolution of complaints regarding settlement of Postal Life Insurance claims and strengthening of the complaint redressal mechanism by making it more accessible and transparent. The Committee may be apprised of the steps taken in this regard.

<u>Postal Life Insurance (PLI) - Publicity and Marketing activities</u>

12. The Committee note that the Department have taken various initiatives to popularize the insurance schemes amongst the targeted beneficiaries. These initiatives include release of advertisements and publicity in all modes, computerization of all activities related to policy servicing and premium payments, TV commercials, Radio Jingles coupled with publicity in print media, increase in sum assured limit of PLI from Rs. 20 lakh to Rs. 50 lakh, improvement of customer service through modernization and IT induction, organizing PLI and RPLI melas at identified offices/organizations and villages, respectively, in order to educate the target groups about the schemes and facilitate completion of formalities. While appreciating the measures taken by the Department to improve its customer base in both PLI and RPLI, the Committee emphasize the need for sustained publicity and marketing initiatives to create awareness about the life insurance plans on offer and increase the subscription of new customers. The Committee note that the Postmaster/Postman as a representative of the Department is widely respected and enjoys high credibility

more especially in the rural areas, and this may be leveraged to bring in more subscribers into the fold of Postal Life Insurance.

Task Force on Leveraging Post Office Network

13. The Committee note that the Department of Posts constituted a task force on 21.08.2014 to study and make recommendations regarding leveraging the post office network in India. A total of 181 recommendations were made by the task force. The Department have informed that a group of Senior Officers has been constituted to examine each recommendation of the Task Force, to obtain relevant inputs from various stakeholders, including Service Unions, etc. and to chalk out a strategy for implementing specific recommendations of the Task Force along with timelines.

The Committee have been further informed that the recommendations of the Task Force *inter-alia* emphasized on Integrated Banking Solution to provide online access to the account, installation of Automatic Teller Machines (ATM) throughout the country, issuance of Debit Cards and Cheque Books to the account holders, provision of Handheld devices to provide last mile delivery of services to the remotest possible location in the country, Internet based access to PLI and RPLI, Centralized IT System for Mail Operations enabling real time tracking of mail, parcels and other services, Centralized Human Resource Management System and Additional Retail & Agency Services.

The Committee have all along been urging the Department to take suitable steps for generation of additional business and augmentation of revenue receipts. They desire that the Government should examine the recommendations of the Task Force in this regard and formulate concrete strategy for the implementation of those recommendations in a time-bound manner so as to improve the financial health of the Department of Posts and reduce revenue deficit/reliance on budgetary support.

New initiatives of Department of Posts - Delivery of seed packets and Pilot Project for Varanasi

14. The Committee note that an innovative mode of farm extension through postal staff is being tried out in several States by the Indian Agricultural Research Institute (IARI) wherein seed packets of new crop varieties, along with the recommended agronomic practices for their cultivation, are sent to farmers through Business Parcel and Express Parcel services of the Department through the Rural Branch Postmasters. The model has been found to be highly effective in increasing the awareness about Indian Agricultural Research Institute (IARI) crop varieties.

The Committee have been apprised that the Department of Posts have also entered into a tie-up with M/s Snapdeal.com to provide a platform for online sale of merchandise of the Varanasi weavers so as to extend the benefit of e-Commerce to this segment of society. The Department have stated that this has been a learning experience for them in handling of e-Commerce business. Till February, 2015, as part of the initiative, 38 vendors were live on the portal with 298 products available for sale. A joint web page of the pilot project got more than 25000 hits per month and the initiative has provided huge brand visibility to the Department as well.

The Committee appreciate the innovative measure taken by the Department for delivery of seed packets of new crop varieties from IARI along with recommended agronomic practices delivered through the Rural Branch Postmasters. The Committee believe that this initiative of the Department will, among other things, go a long way in making new crop-varieties and best agronomic practices accessible to farmers across the country at a nominal cost and provide a boost to the agriculture sector in India. Another initiative wherein the Department have tied up for delivery of the merchandise of Varanasi weavers sold online through Snapdeal Website is also commendable and will substantially help in providing market access to weavers in Varanasi, besides giving, a much needed fillip to the Varanasi handloom industry.

The Committee hope that the Department of Posts will continue to take such initiatives aimed at leveraging the vast postal network in the discharge of their social responsibilities which will also augment their revenue receipts.

ANURAG SINGH THAKUR
Chairperson
Standing Committee on
Information Technology

New Delhi
21 April, 2015
1 Vaisakha, 1937 (Saka)

APPENDIX-I

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15) HELD ON 6th APRIL, 2015

The Committee sat on Monday, the 6th April, 2015 from 1400 hours to 1530 hours in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur - Chairperson

MEMBERS

Lok Sabha

2. Shri L.K. Advani
3. Shri Prasun Banerjee
4. Dr. Sunil Baliram Gaikwad
5. Dr. K.C. Patel
6. Shri Hemant Tukaram Godse
7. Dr. Anupam Hazra
8. Dr. J. Jayavardhan
9. Shri P. Karunakaran
10. Shri Virender Kashyap
11. Smt. Hema Malini
12. Shri Keshav Prasad Maurya
13. Shri Paresh Rawal
14. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
15. Shri Abhishek Singh
16. Shri D. K. Suresh
17. Shri Ramdas C. Tadas
18. Smt. R. Vanaroja

Rajya Sabha

19. Smt. Jaya Bachchan
20. Shri Derek O'Brien
21. Dr. K.V.P. Ramachandra Rao

SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Shri J.M. Baisakh	-	Director
3.	Dr. Sagarika Dash	-	Deputy Secretary
4.	Shri Shangreiso Zimik	-	Under Secretary

Representatives of the Ministry of Communications and Information Technology (Department of Posts)

	Name	Designation
1.	Ms. Kavery Banerjee	Secretary (Posts)
2.	Ms. Anjali Devasher	Member (PLI)
3.	Shri Sekhar Sinha	Member (HRD)
4.	Shri A.B. Joshi	Member (Tech.)
5.	Shri Ashutosh Tripathi	Member (P)
6.	Shri T. Murthy	Member (O)
7.	Ms. Saroj Punhani	JS&FA
8.	Shri Vineet Pandey	CGM(BD&MD)
9.	Shri V. Pati	CGM (PLI)
10.	Shri L.N. Sharma	DDG (FS)
11.	Shri K. Balasubramanian	DDG (Tech.)
12.	Ms. Vandita Kaul	DDG (CP&Trng.)
13.	Shri Anil Kumar	DDG (Estates & MM)
14.	Shri Rajnish Kumar Jenaw	DDG (PAF)

2. After the Chairperson welcomed the Members to the sitting of the Committee, the representatives of the Ministry of Communications and Information Technology (Department of Posts) were called in and the Committee took their evidence on the Demands for Grants of the Department for the year 2015-16.

3. Before tendering evidence, the Department made a power-point presentation before the Committee covering various issues relating to the Demands for Grants (2015-16), *viz*. overview of postal network and postal operations, financial performance of the Department including the Plan schemes, major Plan activities for 2015-16, new initiatives for revenue generation, status of IT Projects during the 12th Plan and performance of social commitment and financial inclusion schemes of the Department.

4. The representatives of the Department also replied to the queries raised by the Members. With regard to the points to which information was not readily available, the Chairperson asked the Department to submit written replies.

5. The Chairperson, then, thanked the representatives of the Department of Posts for deposing before the Committee.

The witnesses then withdrew.

Verbatim Proceedings of the sitting have been kept on record.

The Committee, then, adjourned.

APPENDIX-II

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON INFORMATION TECHNOLOGY (2014-15) HELD ON 20th APRIL, 2015

The Committee sat on Monday, the 20th April, 2015, from 1700 hours to 1730 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Anurag Singh Thakur- Chairperson

MEMBERS

Lok Sabha

2. Shri L. K. Advani
3. Dr. Sunil Baliram Gaikwad
4. Dr. K.C. Patel
5. Dr. Anupam Hazra
6. Dr. J. Jayavardhan
7. Shri P. Karunakaran
8. Shri Keshav Prasad Maurya
9. Dr. (Smt.) Bhartiben Dhirubhai Shiyal
10. Shri D. K. Suresh
11. Smt. R. Vanaroja

Rajya Sabha

12. Shri Salim Ansari
13. Shri Santiuse Kujur
14. Dr. K. V. P. Ramachandra Rao
15. Mahant Shambhuprasadji Tundiya
16. Shri Meghraj Jain

SECRETARIAT

1.	Shri K. Vijayakrishnan	-	Additional Secretary
2.	Shri J.M. Baisakh	-	Director
3.	Dr. Sagarika Dash	-	Deputy Secretary
4.	Shri Shangreiso Zimik	-	Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt two Draft Reports on 'Demands for Grants (2015-16)' relating to the Ministry of Communications and Information Technology (Department of Posts and ….xxxxx…..).

3. The Committee, thereafter, took up for consideration and adoption the two Draft Reports on 'Demands for Grants (2015-16)' relating to the Department of Posts and …..xxxxx….. and adopted the same without any modification.

4. The Committee, then, authorized the Chairperson to finalize the draft Reports, incorporating therein changes arising out of factual verification, if any, by the Departments and present the Reports to the House during the current session of Parliament.

The Committee, then, adjourned

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xxxx Matters not related to the Report.